

OUTCOME
GOAL 1.4 -
PROVIDE
INFORMATION
AND ANALYSIS
ON THE
U.S ECONOMY

Overview

The Department of Labor's Bureau of Labor Statistics (BLS) is responsible for producing some of the Nation's most sensitive and important economic indicators. These indicators are key sources of data used for economic planning and analysis by the President, Congress, and other Federal policy-makers, as well as public and private institutions. In addition, BLS information is used by individuals who are seeking to improve their chances to succeed in today's job market.

Seven BLS data series have been designated as Principal Federal Economic Indicators: the Employment Situation, Consumer Price Index, Producer Price Index, U.S. Import and Export Price Indexes, Employment Cost Index, Real Earnings, and Productivity and Costs.

Serving the Public

The effectiveness of BLS data is determined through a number of criteria pertaining to timeliness, reliability, and access. BLS is committed to continuous improvement of its statistical processes and products.

- In 1995, BLS began a multi-year effort to update and modernize the Consumer Price Index (CPI). In FY 2000, quality adjustments were made to the prices for video cameras, several audio products, VCRs, DVD players, microwave ovens, refrigerator/freezers, and college textbooks to account for price changes realized by consumers even when new product introductions are marked by technological improvements.
- A web-based subscription service began in January 2000 for the seven Principal Federal Economic Indicators that the BLS produces. In the third quarter, four news releases were added to the subscription list so that all monthly BLS news releases are now available through this system.
- BLS collaborated with several other Federal statistical agencies as well as agencies in Canada and Mexico to improve, update, and standardize the industrial classification system. The product of this cooperative effort is the North American Industry Classification System (NAICS), which provides common industry definitions for Canada, Mexico, and the United States. As a step to implementing NAICS in FY 2000, the BLS universe file of establishments, the sampling basis for many BLS surveys, was fully coded using the revised classification system.

Challenges

Substantial challenges face BLS, including the changing economy, maintaining sufficient response levels, and evolving technology. To respond to the challenge of changing technology, BLS must remain on the cutting edge and adapt emerging technology to BLS processes while maintaining a steady flow of economic information. Keeping abreast of improvements and using these improvements to deliver data in a more timely and useful manner are essential ingredients to providing the quality of service our customers expect.

TIMELY, ACCURATE, AND RELEVANT ECONOMIC INFORMATION

Goal 1.4A: Produce and disseminate timely, accurate, and relevant economic information.

Performance of this goal is measured in three dimensions: timeliness, quality, and access. The first, timeliness, addresses how often the Department's Bureau of Labor Statistics (BLS) meets the release dates in the published schedule of its Principal Federal Economic Indicators. The second dimension measures reliability. Decision-makers need to know how well BLS statistics reflect the economic activity described. The third dimension, access, is measured by customer usage of the BLS Internet site.

FY 2000 Results: The goal was substantially achieved. Performance measures were fully met for two of the goal's dimensions, timeliness and relevance, but the target for quality was not achieved. The access measure increased.

Timeliness

Percentage of On-Time Releases		
	FY 1999	FY 2000
Target	100.0%	100.0%
Result	95.0%	97.5%

Analysis of Results: Timeliness measures for all programs were met except for that of the Employment Cost Index (ECI). The December 1999 ECI news release was delayed for one day in January 2000 by a weather emergency.

Timeliness results are based on an evaluation of the Office of Publications and Special Studies report of release dates against the release schedule of BLS Principal Federal Economic Indicators. Four of the seven Principal Indicators -- the Employment Situation, Consumer Price Index (CPI), Producer Price Index (PPI), and Employment Cost Index -- are included.

There were 40 scheduled releases in 2000. This figure is comprised of quarterly releases of the ECI, and separate, monthly releases of the Employment Situation, CPI, and PPI. Since the delay in the ECI resulted from a weather emergency, the Department made no changes to its strategies for achieving this performance measure. The new procedures instituted by DOL following the early releases of reports discussed in the FY 1999 Annual Report have proven effective in solving this concern.

Quality

Analysis of Results: The quality targets for the Employment Situation and ECI were met, but not for the PPI. For the CPI, although the standard error measure was met, there was an error that necessitated the issuance of corrections to the published all-items index.

In order to increase the relevance of BLS information, BLS consults with advisory councils and other researchers. In FY 2000, the Federal Economics Statistics Advisory Committee was inaugurated, a research conference on price statistics was held, and meetings of the BLS Business and Labor Research Advisory Councils took place.

Each of the four Principal Federal Economic Indicators addressed in this goal has a unique quality measure. Appendix 4 provides information on individual program quality measures and performance. Shortfalls in performance stemmed from problems in the following areas:

- In September 2000, BLS issued corrections to published CPI data for January to August of 2000 due to an error discovered in the housing component of the CPI. BLS is analyzing the processes behind this error to determine how they can be improved in the future.
- Due to a publication delay of new indexes covering Miscellaneous Retail Trade and Stockbrokers, the PPI did not achieve its quality goal. Methodological problems have been resolved and the indexes were published in February 2001.

Access

Internet User Sessions		
FY 1999	FY 2000	Increase
707,347	939,561	33%

Analysis of Results: The average number of Internet site user sessions each month is used as a proxy measure of the number of customers accessing BLS information. In FY 2000, the number of user sessions increased 33 percent.

Goal Assessment: The performance goals for all three dimensions are the same in FY 2001.

Program Evaluation: The OIG completed a follow-up on an earlier prerelease information security audit. Appendix 3 provides further details on the audit. ■



Ed is a high school guidance counselor in Edgewood, Maryland, a suburb of Baltimore. Every year he administers an in-depth career interest inventory to the 10th grade English classes. Based on the students' responses, he then links them up with the Occupational Outlook Handbook, a National source of career information covering more than 250 types of jobs published by DOL's Bureau of Labor Statistics. In the past, Ed had to ask students to share a few copies of the Handbook, which because of its cost was often not the latest version. Now the Handbook is on the Internet, and students can customize their career research exploration in the school's computer labs. The site attracted almost 300,000 users a month last year. Says Ed: "It's been a lifesaver! The students are really motivated to learn about possible careers and I'm grateful because the online version of the Handbook has made me more effective as a counselor."

Photo by: Michael Carpenter

IMPROVE ECONOMIC MEASURES

Goal 1.4B: Improve the accuracy, efficiency, and relevancy of economic measures.

This goal measures achievement of significant milestones that reflect the Department's Bureau of Labor Statistics (BLS) commitment to continuous improvement of its statistical processes and products.

Results: This goal was fully achieved. All FY 2000 milestones for improving the accuracy, efficiency, and relevancy of the economic measures were achieved.

Analysis of Results:

NAICS: BLS completed its three-year effort to implement the standard industrial classification revision known as the North American Industry Classification System (NAICS). Through coordination with the States, 94 percent of units and 97 percent of employment and wages received NAICS 1997 codes. BLS has completed imputation for nonrespondents thus yielding a fully-coded file of all employers (ES-202 file) for the first quarter of FY 2000. Many BLS statistical programs use the ES-202 program output as a source for drawing survey samples.

CPI Revision: As part of the Consumer Price Index (CPI) revision, the first samples from the Telephone Point-of-Purchase Survey (TPOPS) were rotated into the CPI concurrent with the release of the October 1999 index in November 1999. TPOPS rotation will continue on a regular, biannual (every six months) cycle in 2001 and thereafter. Continuous biannual rotation of commodity and

service samples improves the accuracy and reliability of the CPI in two ways. First, with each rotation the oldest set of retail establishments in the CPI sample is replaced with a newer set that more accurately reflects contemporaneous consumer behavior in the marketplace. Second, with each rotation the unique set of CPI market basket items priced each period is updated in the newly selected TPOPS establishments. The selection of the unique items is determined by recent market trends in each establishment, allowing new consumer products to enter the CPI sample, such as DVD players.

CE Expansion: BLS completed its 50 percent expansion of the urban area sample for the Consumer Expenditure (CE) Survey. The new sample contains 7,800 households each in the diary and interview surveys, up from the 1997 baseline year of 5,400 households in each survey. In the Consumer Expenditure Survey, data collection for the urban area sample expansion was completed in March 2000. Processing of these data was completed in August. The 1999 data were published in December 2000 with the 2000 data planned for publication in late 2001.

The expanded sample size of the CE survey will accomplish three objectives:

- Accelerate the process of updating the Consumer Price Index (CPI) market basket.
- Expand the amount of information collected on prices of certain goods and services
- Produce supplementary measures of changes in consumer prices that

are regarded as providing closer approximations to cost-of-living measures than the currently published CPI.

ECI Enhancement: Planning for the Employment Cost Index (ECI) expansion from 8,000 to 15,000 establishments has been completed and the sample design is now being implemented.

PPI Expansion: Work was completed on the first annual directed-substitution endeavor. Directed substitution allows the PPI to substitute existing repriced product lines with new evolutionary versions of the product lines. Over two dozen industries were targeted for this activity. Cooperation from respondents was excellent.

Internet Site Improvement: In January 2000, the web-based

subscription service was released for the seven Principal Federal Economic Indicators that the Department produces. During the third quarter, four news releases were added to the subscription list so that all monthly BLS news releases are now available through this system.

Goal Assessment: Improvements to be initiated in FY 2001 include: a new time-use survey; support of the Workforce Investment Act (WIA) by strengthening a program that produces employment statistics at the State and the local level; and expansion of price, output, and productivity measures. The performance indicators for this goal in FY 2001 are:

- Conduct cognitive testing, finalize core questionnaire, and obtain OMB clearance for the American Time Use Survey.
- Create a research database for modeling sub-State labor market areas in Local Area Unemployment Statistics.
- For the PPI, research and select sample frames, consult with potential users on publication goals, research industry marketing and discounting practices, and begin to develop pricing methodologies for one non-residential building type.

Program Evaluations: Program evaluations pertaining to the Department's economic information are described in the narrative for goal 1.4A. ■



Bob is the Director of the Analysis and Evaluation Office at the Minnesota Department of Trade and Economic Development. He recognizes that state economic development programs don't always have a major impact on the state economy, but his department's technical assistance to expanding businesses resulted in more than 9,000 new jobs last year. An essential part of that assistance comes from data supplied by DOL's Bureau of Labor Statistics, particularly labor market information. Bob uses data on unemployment, costs, markets, and other economic indicators to provide businesses—whether start-up dreams or Fortune 500 offshoots—the information and analysis necessary to make informed decisions. This makes a significant difference in the lives of many individuals, in and out of Minnesota.

Photo by: Minnesota Department of Trade and Economic Development